

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION

UNITED STATES OF AMERICA	§	
	§	
v.	§	No. 4:22CR110
	§	Judge Kernodle
MICHAEL HILL, et al.	§	

UNITED STATES' MOTION FOR COMPLEX CASE DESIGNATION
UNDER 18 U.S.C. §§ 3161(h)(7)(A) & (B)(ii)

The United States of America, through the United States Attorney for the Eastern District of Texas, respectfully requests the Court to designate this case complex under 18 U.S.C. §§ 3161(h)(7)(A) and (B)(ii).

In May 2022, a federal grand jury for the Eastern District of Texas returned an indictment against 19 defendants charging a violation of 18 U.S.C. §§ 1349, 1343 (Conspiracy to Commit Wire Fraud). The United States now requests that the Court designate this case as complex because, based on the number of defendants, the nature of the prosecution, and the existence of novel questions of fact or law, it is unreasonable to expect adequate preparation for pretrial proceedings or for the trial itself within the time limits established by § 3161. The United States submits the following specific reasons to designate the case as complex:

Complex Nature of the Crimes

The financial crime here is sophisticated, both as it pertains to how the defendants illegally obtained at least \$3 million in government funds and how the defendants spent and used those ill-gotten proceeds. Specifically, the investigation has revealed that the defendants used multiple businesses, dozens of bank accounts, several email accounts, and engaged in hundreds

of financial transactions relevant to the conduct here. Adding to the complexity, the records and evidence relevant to the investigation span numerous email accounts, bank records, and application documents.

Ongoing Nature of Investigation

The post-indictment investigation has shown multiple individuals connected to this fraud scheme whom have not yet been indicted or apprehended. Based on evidence obtained post-indictment, including information from the defendants themselves, law enforcement has identified additional fraudulent loan applications, pertinent witnesses, and potential subjects. In some cases, law enforcement has issued subpoenas for records that they have still not received. In addition, given the volume of arrests in this case, various documents and electronics were seized, some of which still need to be fully imaged and analyzed.

International Components of Case

One of the defendants is an international fugitive whom the FBI and other law enforcement officials are attempting to locate and arrest. In addition, the investigation has revealed that a significant portion of the fraudulent PPP proceeds was sent internationally, including to Canada and Australia. The government is in the process of obtaining international legal process to locate and obtain relevant evidence from these foreign jurisdictions.

Novelty of Scheme and Issues

Paycheck Protection Program fraud schemes are novel, as the program only came into existence during the COVID-19 pandemic. Law enforcement continues to uncover various layers in these schemes, as there were dozens of financial institutions and ancillary lenders also

involved in the processing of the applications. As such, there are new and evolving issues that continue to present themselves to agents and prosecutors routinely.

Due to the significant volume and complexity of discovery in this case, the government believes it is unreasonable to expect adequate preparation for pretrial proceedings or for the trial itself within the time limits of the Speedy Trial Act. Accordingly, the government requests that the Court designate this a complex case under 18 U.S.C. §§ 3161(h)(7)(A) & (B)(ii).

Respectfully submitted,

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CERTIFICATE OF CONFERENCE

I hereby certify the Government contacted defense counsel. With the exception of those listed below, all defense counsel agree to the motion:

Joel K. Petrazio (no response received)

Daniel K. Hagood (opposed)

Kambira Rashida Jones Morgan (no response received)

/s/ Anand Varadarajan
ANAND VARADARAJAN

CERTIFICATE OF SERVICE

This is to certify that on December 6, 2022 this document was filed with the Clerk for the Court, which will cause a copy of this document to be delivered to counsel for defendants via electronic mail.

/s/ Anand Varadarajan
ANAND VARADARAJAN